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TAGS: [EFIN](#) [ECON](#) [IBRD](#) [KPKO](#) [ASEC](#) [IV](#)
SUBJECT: COTE D'IVOIRE: GOVERNMENT MISSES DEADLINE TO CLEAR
WORLD BANK ARREARS

REF: A. ABIDJAN 614
[1](#)B. ABIDJAN 718

Classified By: POL/ECON Jim Wojtasiewicz, reasons 1.4 (B) and (D).

[1](#)1. (U) Cote d'Ivoire missed a July 17 deadline to clear its arrears with the World Bank in time for the Bank to approve its USD 100 million contribution to the funding for Disarmament, Demobilization and Reintegration (DDR) at its July 27 Board meeting.

[1](#)2. (C) Cote d'Ivoire's arrears with the Bank stood at USD 326.8 million as of July 15. On May 30, the government announced a subscription campaign for three-year bonds to raise part of the money (ref A). The closing date was supposed to be June 30, but the government kept the bond campaign open until July 15, at which point it announced that it had raised CFA 85 billion -- USD 162.5 million at the July 18 exchange rate. World Bank Country Director Mamadou Dia told us July 18 that this was slightly above the government's target of CFA 80 billion. He said the government is planning to raise the rest of the money through 3-month T-bills, and has told the Bank that it now expects to be able to clear its arrears by mid-August. Dia said the next Board meeting would be in late August or early September.

[1](#)3. (C) Comment. This is disappointing, but not fatal for Cote d'Ivoire's DDR process. That process is indeed very seriously short of money right now, to provide infrastructure as well as food, medicine and other supplies at the pre-regroupment sites where combatants are now being gathered. However, the World Bank's contribution was never intended to fund these needs. Rather, this money is to be used much later in the process, after combatants have come under the control of international peacekeeping forces and have begun actually handing over weapons. Unfortunately, DDR is still hung up at the pre-regroupment phase (ref B), though the principal Ivoirian political leaders made a commitment at their July 5 "mini-summit" with Secretary General Annan to complete pre-regroupment by July 31.

[1](#)4. (C) It should also be noted that last year around the same time the Ivoirian government issued bonds for USD 172 million, supposedly to pay part of its World Bank arrears but the government instead used the money for current expenses. Thus, it remains to be seen what the Ivoirians will actually do with this latest USD 162 million that they have borrowed.
End Comment.
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